

EXHIBIT “M”

M E M O R A N D U M

TO: VICTOR DEDVUKAJ
FROM: HAROLD L. GRUBER, ESQ.
RE: MARINE PARK PROPERTY
DATE: AUGUST 6, 2009

Thank you for consulting with me with regards to your proposed conversion of the above captioned property. You have advised me that the project is an existing 144-unit garden apartment complex in Marine Park, Brooklyn. My fee for preparing and submitting the condominium offering plan to the New York State Department of Law will be \$21,500.00 payable as follows:

- (a) \$5,000.00 as a retainer;
- (b) \$7,000.00 upon submission of the offering plan to the Attorney General's Office;
- (c) \$9,500.00 when the offering plan is accepted for filing by the Attorney General's Office.

It is imperative that this project move as quickly as possible. Due to the fact that you have fourteen (14) units currently vacant, the Attorney General will have an issue if the units are vacant for more than five (5) months before submission of the offering plan. Therefore, make sure that you get the full advantage of these vacant apartments. We need to file this as soon as possible.

Amendments to the offering plan are \$850.00 each; and my fee to individual purchasers (which shall be paid by the purchaser, not you) is \$1,100.00 for each closing.

Over and above my fee, you will incur additional expenses such as printing and copying costs (estimated at \$1,500.00); filing fees to the Attorney General (1/5 of 1% of the Offering price; thus on a \$1,000,000.00 offering, there would be a \$2,000.00 filing fee); registration fees (approximately \$220.00); and recording costs (approximately \$250.00). You will also be billed for any disbursements or expenses outside of the normal course of representation, such as Federal Express, Messenger service, printing, etc.

All transfer taxes on each sale will be paid by the individual Purchasers. Additionally, purchasers will pay \$1,000.00 to the sponsor as partial reimbursement for the cost of preparation of the offering plan and submission of the tax exemption application.

Since this is an occupied building, there is a requirement that a reserve fund or 3% of the offering price be created on closing. If there is an insider price, the reserve fund will be 3% of the insider price. The reserve fund need not be created at once, but may be funded as units close (however, at least 1% must be deposited on the first closing).

An offering plan will be submitted within one month after you have delivered to me all of the documents I request. From the time the plan is submitted, until the time it is accepted by the Attorney General's Office, will be approximately nine months. Once the plan is accepted for filing by the Attorney General's Office, you can commence taking contracts on the units. When you have taken contracts for fifteen percent of the units at the property, we can declare the plan Effective. Declaring the plan Effective requires the filing of an amendment and takes approximately one month. After the amendment to declare the plan is accepted for filing, the architect can file with the surveyor's office for individual tax lots. The preceding also takes, in general, one month. Once the individual tax lots have been assigned, the declaration can be recorded, and we can commence closing.

This proposal will be valid for six (6) months. If I am not retained within six (6) months from the date hereof, I reserve the right to change any of the fees specified above. The retainer fee is not refundable unless the project is cancelled or terminated within thirty (30) days after initial retainer. If canceled within thirty (30) days, a \$500.00 fee will be retained, and the balance of the retainer refunded.

You have advised me that this is an existing garden apartment complex. Many of the garden apartment complexes in Brooklyn were either incorporated, or have organizational By-Laws, or restrictive declarations, governing operation and transfer of the property. I therefore, would like to review, at the earliest possible opportunity, any organizational documents that affect this property such as a Certificate of Incorporation; Corporate By-Laws; restrictive declarations filed with any city agency; any Homeowner's Association documents; or any operating rules or procedures.

If the above proposal is acceptable to you, please sign below and return same to me along with your check in the amount of \$5,000.00.

If you have any questions about the above material, please call me. Thank you for taking the time to consult with me, and I look forward to a mutually satisfactory professional relationship.

Sincerely,

Harold L. Gruber, Esq.

AGREED AND ACCEPTED

DOCUMENTS REQUIRED FOR OFFERING PLAN

1. Deed to property.
2. List of apartments and sale prices for each apartment. If items other than apartments are being offered for sale (i.e. parking spaces, store units, etc.) I will need a list of those items and their offering price as well. In setting the offering prices, you should be aware that if you accept an offer for the price lower than that stated in the offering plan, you cannot accept a higher offer without filing an amendment. Thus, it is in the end more economical to be slightly above market, than slightly below market.
3. If Real Estate Tax exemption and abatement benefits are to be applied for, I need a letter from the Real Estate Tax exemption stating the nature and duration of the benefits; as well as the likely affect of benefits are not obtained. The two parties I recommend for preparation of Real Estate Tax exemption documents are, Jacob Moseson (718) 327-5779, and Ben Rottenstein (718) 855-6110.
4. An estimate of the cost of insuring the condominium after completion of construction. The letter must indicate the amount of coverage (both hazard and liability); the deductible; and the anticipated premium. The letter must also indicate that the policy is a replacement value policy which waives co-insurance; that the amount of insurance is sufficient to rebuild the premises if destroyed; and that there will be no cancellation without notice to the board of managers.
5. I need an estimate for the cost of providing electrical service to the common areas of premises. If the units have individual heat and hot water, I also need an estimate of electrical usage for individual apartments. Again, this estimate can be provided by an engineer, architect, electrician, or other person with expert knowledge.
6. We also need an estimate from an accountant of the cost of preparing an annual financial statement for the condominium. This is not an estimate of the taxes or guarantee of fees, but an estimate of what the fee will be for preparing the annual financial statement. The letter must come from a CPA. If you do not have a CPA who will provide the letter, I can obtain one at a cost of \$250.00.
7. We need two letters from a Licensed Real Estate Broker, certifying that the allocation of common interest is in accord with applicable laws and statutes, and that the budget appears adequate for the condominium. If you have a broker who works with you, I will provide you with copies of the budget and share allocations for the broker's file. If you do not have an available broker, again I can provide one, but she will charge you \$250.00.

8. If the premises are owned by anything other than an individual or individuals, I need a copy of the formation documents for that entity, and the name and business address of each current member of the entity. If any member of the entity has ever been a Sponsor of a condo or coop plan, I need to know the address of the plan, etc.
9. If the premises are encumbered by a mortgage (including a construction loan), I will need a copy of the mortgage. If the mortgage does not contain release provisions, you might want to now start negotiating release provisions with the bank.
10. I need a report prepared by a licensed engineer or architect, describing the condition of the building, as it will exist upon completion of construction. The architect must also provide me with a copy of the approved building plans, 8 ½" x 11" floor plans, and a certification letter setting forth that said report is accurate. If your architect has done this before, then he probably knows what I need. If he has not, or if he is unsure, he can call me and I will go over the materials with him.
11. If the premises have an elevator, I need a cost for elevator operation and maintenance.
12. I will need a current rent roll stating the names of each tenant, the apartment they occupy, how long they have occupied the apartment, when their lease expires, their current rent and their rent regulatory status, i.e. stabilized or controlled.
13. I will need to be able to project the cost of providing heat, hot water, and electricity to the building. If the units do not have individual boilers and hot water heaters, then I can use printouts of the heating and electricity history of the building (Key Span and Con Ed. accounts) for the last two years. If each unit has individual heat and hot water, then the cost of providing that heat and hot water must be separately projected either through an account printout for individual unit, or through an estimate prepared by a licensed engineer or architect.
14. You will need to have your accountant prepare a two-year history of building operation. This is a compilation, which is basically a statement of expenses.

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